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By Hand and Fax

November 9, 2000

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station – 2nd Floor Center
Boston, MA 02110

Re: NSTAR Electric - Default Service Tariffs

Dear Secretary Cottrell:

Boston Edison Company, Commonwealth Electric Company and Cambridge Electric Light Company (together, “NSTAR Electric”) hereby submit an original and nine copies of proposed tariffs reflecting a rate for Default Service of \$0.06993 per kilowatt-hour (“kWh”) beginning January 1, 2001. This filing is made in accordance with the provisions of G.L. c. 164, § 1B(d), 220 C.M.R. §§ 5.00 and 11.00, and Default Service Pricing and Procurement, D.T.E. 99-60. NSTAR Electric requests that the Department of Telecommunications and Energy (the “Department”) approve the tariffs within five business days to become effective on January 1, 2001, subject to future reconciliation of costs by the Department. Please find enclosed the filing fee of \$45 for the three tariffs.

NSTAR Electric requests approval of the following proposed tariffs:

Boston Edison Company – M.D.T.E. No. 947, Default Service Rate

Cambridge Electric Light Company – M.D.T.E. No. 751, Default Service Rate

Commonwealth Electric Company – M.D.T.E. No. 487, Default Service Rate.

By letter dated July 31, 2000, NSTAR Electric informed the Department of its proposed schedule for soliciting supply for default service. This proposed schedule was approved by the Department in its September 1st letter. In accordance with the approved schedule, on September 6, 2000, NSTAR Electric issued a Request for Proposals (“RFP”) for Default Service supply for

[PROTECTED MATERIALS CONTAINED IN APPENDIX B]

the three-month period from January 1, 2001 through March 31, 2001. A copy of the RFP is enclosed herewith as Appendix A. The RFP sought fixed price proposals, which could vary by calendar month, to serve the residential, commercial, and industrial customer groups.

NSTAR Electric received a number of responses from bidders by the October 6 deadline. The bids were evaluated and a ranking of bids was established. After an initial evaluation of each of the bids, NSTAR Electric engaged in extensive negotiations with a short list of bidders and was ultimately able to obtain lower Default Service prices by agreeing to purchase Default Service for a six-month period from January 1, 2001 to June 30, 2001, rather than the initially contemplated three-month period. NSTAR Electric has contracted for Default Service supplies and hereby requests that the Department approve the implementation of the new Default Service rates effective for usage from January 1, 2001 through June 30, 2001.

A copy of the bid evaluation together with an explanation of the calculation of the Default Service price of \$0.06993 per kWh is enclosed herewith as Appendix B. Because Appendix B contains specific contract and pricing terms that are proprietary and confidential, only one copy of Appendix B is being filed with the Secretary, under seal. The remaining copies do not include Appendix B. A Motion for Protective Treatment with respect to Appendix B, together with an Affidavit of Robert H. Martin in support thereof, are enclosed.

As described below, NSTAR Electric is proposing a single weighted-average Default Service rate for all of its Default Service customers. Nevertheless, in accordance with the Department's order in D.T.E. 99-60-B at 15, the RFP solicited default service proposals with separate bid prices for the residential, commercial and industrial customer groups. NSTAR Electric's RFP resulted in the following monthly prices (in cents/kWh at the retail customer level):

	Jan-01	Feb-01	March-01	April-01	May-01	June-01
Residential	8.469	7.630	6.347	5.757	5.862	7.192
Commercial	8.864	7.929	6.475	5.885	6.087	7.555
Industrial	8.565	7.705	6.379	5.810	5.980	7.309

As explained in a July 31st letter, NSTAR Electric's billing system is currently unable to accommodate multiple Default Service prices and, therefore, is neither able to provide different rates for different customer classes nor two Default Service rates (six-month rate and monthly rate). Although it is anticipated that the billing system conversion which will allow for multiple pricing options will be completed by April 1, 2001, NSTAR Electric is proposing that all customer classes be charged the same Default Service rate for the entire six-month period. Accordingly, the Default Service tariffs filed herewith do not include the "rules" for customer switches from the fixed-price option to a competitive supplier during the six-month cycle, because the billing system is not yet able to accommodate both pricing options. D.T.E. 99-60-B at 6-10. NSTAR Electric intends to update the Default Service tariffs to include those options

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and procedures in the next Default Service tariff filing following the completion of the billing system conversion.

The only changes in the tariffs filed herewith are in the Default Service Rates section. In addition to the rate change, a provision has been added which allows NSTAR Electric to recalculate monthly bills for Default Service customers who switch to a competitive supplier during the six-month period. The electric bills for such customers will be recalculated to reflect the difference between the fixed rate of \$0.06993 per kWh and the monthly rate resulting from the RFP. This provision is intended to ensure that all customers pay the actual cost of supply for the electricity they have used.

NSTAR Electric will continue to comply with the Department's order in D.T.E. 99-60-C, with respect to notifying customers of the change in Default Service rates. Accordingly, NSTAR Electric will post the new rates on its web site and make them available via a toll-free telephone number.

In summary, NSTAR Electric respectfully requests the Department permit the implementation of the new Default Service rates effective for usage from January 1, 2001 to June 30, 2001. If you have any questions with regard to this matter, please feel free to contact me at 617-424-3160 or Robert N. Werlin, Keegan, Werlin & Pabian, LLP at 617-951-1400.

Respectfully submitted,

Catherine J. Keuthen

Enclosures

cc: Jeanne L. Voveris, Hearing Officer
George B. Dean, Assistant Attorney General
David O'Connor, Commissioner, DOER

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[PROTECTED MATERIALS CONTAINED IN APPENDIX B]